



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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**IN THE MATTER OF  
PAUL SE HUI OEI AND CANADIAN MANU IMMIGRATION  
& FINANCIAL SERVICES INC.**

**STATEMENT OF ALLEGATIONS  
(Subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990 c S.5)**

1. Staff of the Enforcement Branch (**Staff**) of the Ontario Securities Commission (the **Commission**) elect to proceed using the expedited procedure for inter-jurisdictional proceedings as set out in Rule 11(3) of the Commission's *Rules of Procedure*.

**A. OVERVIEW**

2. In its findings on liability dated December 12, 2017 (the **Findings**) a panel of the British Columbia Securities Commission (**BCSC** or the **BCSC Panel**) found that Paul Se Hui Oei (**Oei**) and Canadian Manu Immigration & Financial Services Inc. (**Canadian Manu**) (together, the **Respondents**) perpetrated a fraud, contrary to section 57(b) of the British Columbia *Securities Act*, RSBC 1996, c. 418 (the **BC Act**).
3. The Respondents raised funds on behalf of two companies, Cascade Renewable Carbon Corp. (**CRC**) and Cascade Renewable Organic Fertilizer Corp. (**CROF**) (together, **Cascade**), through an indirect investment structure.
4. The BCSC Panel found that the Respondents raised approximately \$13 million from investors. The Respondents represented to investors that their invested funds would be used for “start-up” expenses for the Cascade businesses. Of the \$13 million raised, only approximately \$8 million was advanced by the Respondents to Cascade or expended by the Respondents on

behalf of Cascade. The remainder of the amount raised was retained by the Respondents for their own personal and corporate use.

5. The conduct for which the Respondents were sanctioned occurred between July 2009 and August 2013 (the **Material Time**).
6. On August 8, 2018, the BCSC Panel issued an Order against the Respondents (the **BCSC Order**) that imposes sanctions, conditions, restrictions or requirements upon them. The Respondents were denied leave to appeal on September 20, 2018, and their application to vary or revoke the BCSC Order and Findings was dismissed by the BCSC on July 22, 2019.
7. Staff are seeking an inter-jurisdictional enforcement order reciprocating the BCSC Order pursuant to paragraph 5 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990, c S.5 (the **Act**).

## **B. FACTS**

Staff make the following allegations of fact:

### **(i) The Respondents**

8. During the Material Time, Oei was a resident of British Columbia and was registered by the Insurance Council of British Columbia. Oei was previously registered under the BC Act in a limited capacity, but he was not registered under the BC Act during the Material Time.
9. Canadian Manu was incorporated under the laws of British Columbia on February 28, 2006 and was dissolved on August 12, 2019 for failure to file records. Canadian Manu was registered by the Insurance Council of British Columbia, but was not registered under the BC Act during the Material Time.
10. Oei was a director and officer of Canadian Manu from its incorporation to March 1, 2010. Oei's spouse, LL, became a director of Canadian Manu on November 9, 2009 and remained the sole director of the company after Oei's resignation in March 2010. Following Oei's resignation as a director of Canadian Manu he continued to control the company, including the company's bank accounts.

**(ii) The BCSC Proceedings**

11. The BCSC Panel found that beginning in 2009, Oei solicited investors to invest in Cascade through an indirect investment structure. Under the structure, Canadian Manu acquired securities from CRC and CROF and the investors purchased a security of either CRC or CROF from Canadian Manu. Canadian Manu agreed to hold this CRC or CROF security in trust for the investor under an Investment Trust Agreement. 0863220 B.C. Ltd and 0905701 B.C. Ltd, dissolved corporations of which Oei was a director and officer, then issued shares to the investors, purportedly as “security” or collateral for the investor’s investment in CRC or CROF. In most cases, the investors paid their invested funds into an account with the Respondents’ counsel.
12. The BCSC Panel found that fraud was carried out with respect to 63 investments in Cascade. The Respondents raised \$13 million from investors and misappropriated \$5,081,415 in investor funds. Investors were told that these funds would be used for the “start-up costs” of Cascade; however, the Respondents expended these funds for their own personal and corporate use.
13. The BCSC Panel found that investors received varying versions of a document called “offering summary” containing some terms that made little to no commercial sense. Certain versions of the document did not mention Canadian Manu. None of the versions made disclosure that some of the proceeds of the offering would be retained by the Respondents for their own personal or corporate use or that investors would be acquiring an indirect ownership interest in Cascade.

**(iii) BCSC Findings - Conclusions**

14. In its Findings, the BCSC Panel concluded that Oei and Canadian Manu committed 63 contraventions of section 57(b) of the BC Act, each in the aggregate amount of \$5,003,088.<sup>1</sup> Oei controlled the flow of the investors’ funds and made the oral and written representations

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<sup>1</sup> The original investments in Cascade were completed using a mixture of Canadian and US dollars and were aggregated by the BSCSC Panel in the amount of \$5,003,088 using an assumed Canadian/US dollar exchange rate of CDN \$1/US \$1. At the Sanctions Hearing, the BCSC Panel determined that the fully converted quantum of the fraudulent misconduct was CDN \$5,081,415 and used this figure for the purposes of its Orders.

to investors that their funds would be used for the start up costs of Cascade. Canadian Manu was part of the indirect investment structure and was the primary conduit of most of the investors' funds.

**(iv) The BCSC Order**

15. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon the Respondents:

**Oei**

(a) under section 161(1)(d)(i) of the BC Act, Oei resign any position he holds as a director or officer of an issuer or registrant;

(b) Oei is permanently prohibited:

- i. under section 161(1)(b) (ii) of the BC Act, from trading in or purchasing any securities or exchange contracts, except that he may trade and purchase securities or exchange contracts for his own account (including RRSP accounts, TFSA accounts and RESP accounts) through a registered dealer, if he gives the registered dealer a copy of this decision;
- ii. under section 161(1)(c) of the BC Act, from relying on any of the exemptions set out in this Act, the regulations or a decision;
- iii. under section 161(1)(d)(ii) of the BC Act, from becoming or acting as a director or officer of any issuer or registrant;
- iv. under section 161(1)(d)(iii) of the BC Act, from becoming or acting as a registrant or promoter;
- v. under section 161(1)(d)(iv) of the BC Act, from acting in a management or consultative capacity in connection with activities in the securities market; and
- vi. under section 161(1)(d)(v) of the BC Act, from engaging in investor relations activities;

(c) Oei pay to the Commission \$3,087,977.41 pursuant to section 161(1)(g) of the Act; and

(d) Oei pay to the Commission an administrative penalty of \$4.5 million under section 162 of the BC Act.

**Canadian Manu Immigration & Financial Services Inc.**

(e) Canadian Manu is permanently prohibited:

- i. under section 161(1)(b)(ii) of the BC Act, from trading in or purchasing any securities or exchange contracts;
- ii. under section 161(1)(c) of the BC Act, from relying on any of the exemptions set out in this Act, the regulations or a decision;
- iii. under section 161(1)(d)(iii) of the BC Act, from becoming or acting as a registrant or promoter;
- iv. under section 161(1)(d)(iv) of the BC Act, from acting in a management or consultative capacity in connection with activities in the securities market; and
- v. under section 161(1)(d)(v) of the BC Act, from engaging in investor relations activities;

(f) Canadian Manu pay to the Commission \$3,087,977.41 pursuant to section 161(1)(g) of the BC Act; and

(g) Canadian Manu pay to the Commission an administrative penalty of \$1.0 million under section 162 of the BC Act.

(h) the obligations to pay the amount set out in subparagraphs (c) and (f) above are joint and several as between Oei and Canadian Manu, such that the total payments to be made under the orders in those subparagraphs shall not exceed \$3,087,977.41.

**(v) Application to Vary or Revoke Finding section 171 of the Securities Act - BCSC**

16. On August 31, 2018, the Respondents applied under section 171 of the *Securities Act*, RSBC 1996, c. 418 for a hearing and review of both the BCSC's Findings, dated December 12, 2017 and the BCSC Order dated August 8, 2018.
17. On July 22, 2019, the BCSC dismissed the application to vary or revoke any of their findings or any of their orders against the Respondents pursuant to section 171 of the Act. The BCSC determined it would have been prejudicial to the public to do so.

**(vi) Application for Leave to Appeal - British Columbia Court of Appeal**

18. On September 20, 2018, the Respondents filed an Amended Notice of Application for Leave to Appeal with the British Columbia Court of Appeal (**BCCA**) regarding the BCSC Findings and the BCSC Order, respectively. On December 12, 2018, the BCCA issued two Orders dismissing the Appellants' application for leave to appeal.

**C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION**

19. The Respondents are subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon them.
20. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.
21. Staff allege that it is in the public interest to make an order against the Respondents.
22. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

**D. ORDER SOUGHT**

23. Staff request that the Commission make the following inter-jurisdictional enforcement order,

pursuant to paragraph 4 of subsection 127(10) of the Act:

a) against Oei that:

- i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Oei cease permanently, except trades that are made for his own accounts (including RRSP accounts, TFSA accounts and RESP accounts) through a registered dealer, if he gives the registered dealer a copy of the BCSC Order dated August 8, 2018 and a copy of the Order of this Commission, if granted;
- ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Oei cease permanently except purchases that are made for his own accounts (including RRSP accounts, TFSA accounts and RESP accounts) through a registered dealer, if he gives the registered dealer a copy of the BCSC Order dated August 8, 2018 and a copy of the Order of this Commission, if granted;
- iii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Oei permanently.
- iv. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Oei resign any positions he holds as a director or officer of an issuer or registrant;
- v. pursuant to paragraph 8, 8.2 and 8.4 of subsection 127(1) of the Act, Oei is prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and
- vi. pursuant to paragraph 8.5 of subsection 127(1) of the Act, from becoming or acting as a registrant or promoter.

- b) against Canadian Manu that:
- i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Canadian Manu cease permanently;
  - ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Canadian Manu cease permanently;
  - iii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Canadian Manu permanently; and
  - iv. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Canadian Manu is prohibited permanently from becoming or acting as a registrant or promoter.

**DATED** at Toronto this 7<sup>th</sup> day of January, 2020.

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